

APPENDIX I

NATIONAL OBJECTIVES and BENEFICIARY DOCUMENTATION

CDBG NATIONAL OBJECTIVES

1. Overview

According to 24 CFR Section 570.483, in order to be eligible for funding, every CDBG activity must meet one of the three national objectives of the program. Additional information on national objectives is available on HUD's website at www.hud.gov. The national objectives are:

- *Benefiting low- and moderate-income persons; or,*
- *Preventing or eliminating slums or blight; or,*
- *Meeting other community development needs having a particular urgency because of existing conditions that pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available to meet such needs.*

CDBG federal statutes require seventy percent (70%) of all activities funded under the State CDBG program to meet the national objective of benefiting low- and moderate-income persons, also known as the "Low/Mod Income group". Prevention or elimination of slums or blight is limited to economic development activities under this NOFA. The national objective of Urgent Need is not allowed under this NOFA.

2. National Objectives Specific to Community Development Activities

Community Development activities are restricted to the national objective of Low-Mod benefit. There are four ways of determining if an eligible activity meets the Low-Mod national objective and will be eligible for funding:

- Income restriction of beneficiaries through program or project;
- Area-wide benefit;
- Service area benefit using census data or an income survey; and/or,
- Limited clientele.

Persons of low and moderate-income are defined as individuals and families whose incomes do not exceed 80% of the county area median income (AMI), with adjustments for smaller and larger families. According to CDBG program regulations, these individuals and families are intended to be the principal beneficiaries of the State CDBG program. Individuals and families with incomes that are even lower are sometimes referred to as Very Low Income households, and have incomes that are at 50% or less of the adjusted area median family income.

Documentation

Each application must contain a discussion of how the proposed project will principally benefit the Low/Mod income group. The Department has provided jurisdiction-wide Low-Mod information in **Appendix A**. For activities using Low/Mod Area benefit (for Service Area other than jurisdiction-wide), applicants should use HUD Low-Mod data by census tract and census block group, or a valid income survey (as described in **Appendix H**) to document benefit. Links to the HUD website are provided at the end of **Appendix A**.

3. National Objectives Specific to Economic Development Activities

Microenterprise Programs

Low/Mod Income Benefit, the only National Objective allowable, and is met in two ways:

- For microenterprise technical assistance and microenterprise support services programs, an Income Self-Certification form verifying family income as Low/Mod is required. Each microenterprise owner or person developing a microenterprise receiving technical assistance must be Low/Mod and can be income qualified using the self-certification method. Department's Microenterprise Income Self-certification Form is included in the [Income Determination Manual](#) Chapter 7.
- For microenterprise direct financial assistance program, Part 5 income eligibility must be completed using the Department's income determination manual. Each microenterprise receiving financial assistance must be income qualified per Federal Regulations 24 CFR Part 5 method of income eligibility. Please see the Department's Income Determination manual for further guidance and forms for certifying income at this link: [Income Determination Manual](#).

Microenterprise businesses must also be documented as having five or fewer employees, including owners.

Documentation

Prior to providing services or funding to a microenterprise program participant, an original signed income self-certification form and/or completed Part 5 eligibility process must be in the project file for review at time of monitoring.

Business Assistance Program

Each business receiving CDBG financial assistance must create permanent full time jobs to meet CDBG public benefit standards. Job creation is required for all business assistance projects regardless if the project is meeting the national objective of Low/Mod income benefit OR prevention or elimination of slums and blight benefit. Job creation is used to meet Low/Mod income benefit.

Low/Mod Income Benefit is met in conjunction with required public benefit job creation:

- Income Self-Certification verifying family income as Low/Mod for all new job positions (new hires) created by the use of CDBG funds. Each new hire must complete an income self-certification form. Over half (51%) of all the new hires must be documented as low income in order to document low income benefit for the project. Department's Business Assistance Income self-certification form is included in the [Income Determination Manual Chapter 7](#).

Documentation

Prior to providing assistance to the business, documentation of job creation and low income job creation must be documented using financial proformas and underwriting analysis. After CDBG funds are provided to the business, the new hires must complete the proper income self-certification forms. Original signed income self-certification form must be in the project file for review at time of monitoring.

The Slums & Blight objective is met via spot blight or area blight compliance:

Spot Blight: If a business assistance project uses spot blight, it must show that the project is in a blighted conditions (has health and safety issues) AND it must show that the use of CDBG funds will be used to eliminate the blighted conditions (CDBG funds will pay for fixing the health and safety issues). The Department must give written approval for each project proposing to use this spot blight for meeting the national objective of elimination of slums and blight.

Area Blight: If business assistance project uses areas blight, it must show that the project is within a designated area that meets a HUD definition of a slum, blighted, or deteriorated and is formally adopted as such by the local jurisdiction. The project being funded must remedy an existing condition of blight. CDBG funds do not have to directly pay for the blight elimination as with spot blight. The Department must give written approval for each project proposing to use area blight for meeting the national objective of elimination of slums and blight.

Documentation

For spot blight, there are two pieces of documentation needed: 1) documentation that the project site is blighted; AND 2) documentation that the CDBG funds will pay to eliminate the project's blighted conditions. For area blight, there are two pieces of documentation needed: 1) documentation that the area in which the project site is located is blighted; AND 2) documentation that the CDBG funds will help to pay to the project's development and which over all reduce blighted conditions in the area.

4. National Objectives Specific to PTA Activities

PTA activity funds must be spent on studies that meet one of the CDBG national objectives listed below, as required by federal statutes and regulations. Any PTA activity must document compliance with:

- A. Benefit to Low- or Moderate-Income (Low/Mod) Persons or Households by showing that at least 51% of the persons who would benefit from the implementation of the plan being studied by the PTA are Low/Mod income;
or,
- B. Elimination or prevention of slums or blight (area wide or spot basis) if the plans are for a slum or blighted areas, or if all the elements of the planning are both necessary for and related to an activity which, if implemented, could be shown to meet the Slum/Blight national objective criteria.

Documentation

Each application must contain a discussion of how the proposed study, if implemented into a program or project, would principally benefit the Low/Mod income group. For activities using Low/Mod Area benefit, Census Tract/Block Group data or a valid income survey (as described in **Appendix H**) must be included. For activities meeting the national objective of eliminating or reducing slums and blight, applicants must describe how the study meets item B. above, and also submit proof of an identified blighted area. For Economic Development PTAs, applicants must describe how the study would result in the creation or retention of jobs for low-mod individuals or businesses.

BENEFICIARIES

1. Determination of Community Development Beneficiaries

Low/Mod Group (Low/Mod) Determination

- A. Each application must provide information on the proposed beneficiaries for each activity, including the Set-Aside activity.
- B. Beneficiaries whose incomes are 80% or less of the county median income are determined to be Low/Mod.
- C. HCD charts showing county median incomes can be found at:
[2011 Income Limits](#)

Presumed Benefit (Limited Clientele)

HUD has determined that some beneficiaries are generally presumed to be principally low- and moderate-income persons. Activities that exclusively serve a group of persons in any one, or a combination, of the following categories may be presumed to be Low/Mod:

A. Beneficiaries with **Presumed 100%** Low/Mod Benefit:

- ✓ **Severely disabled adults – (Low Low/Mod)*
- ✓ *Illiterate adults – (Low Low/Mod)*
- ✓ *Persons living with AIDS – (Low Low/Mod)*
- ✓ *Battered spouses – (Low Low/Mod)*
- ✓ *Abused children – (Extremely Low Low/Mod)*
- ✓ *Migrant farmworkers – (Low Low/Mod)*
- ✓ *Homeless persons – (Extremely Low Low/Mod)*

*Defined as: Adults meeting the Bureau of the Census Current Population Reports definition of “severely disabled”

B. Beneficiaries with **Presumed 51%** Low/Mod benefit:

- Seniors (over 62 years old) – if assistance is to acquire, construct, convert and/or rehabilitate a senior center, or to pay for providing senior services located at a senior citizen center. For reporting purposes, this group is considered Low-Mod (51 to 80% AML.)
- Seniors (over 62 years old) – if assistance is for other public services exclusively for seniors that are provided away from a senior citizen center (such as a Meals-on-Wheels program). For reporting purposes, this group is considered Low Low-Mod (31 to 50% AML.)
- If an activity serves a combination of these groups, estimate the number under each group and report those numbers under the appropriate income levels.

Documentation

Documentation of Beneficiaries in the Application is contained in each activity section. Complete the tables as required. Each proposed activity must show the intended beneficiaries by income category, as noted below:

81% and Above (Non-Low/Mod)	Between 51% - 80% (Low/Mod)	Between 31% - 50% (Low Low/Mod)	Below 30% (Extremely Low Low/Mod)	TOTALS
-A-	-B-	-C-	-D-	-E-

Note: An activity must benefit all residents of the intended service area who are income qualified up to an AML of 80%. An activity cannot solely benefit only one specific level of Low/Mod listed above. Thus, an activity cannot only benefit the 51% - 80% Low/Mod Group in the service area, for example.

- A. Non-Low/Mod. Enter the proposed number of beneficiaries with incomes 81% and above (non-Low/Mod) of the county median income. If CDBG funds will be used on a project where non-Low/Mod will benefit, then show those non-Low/Mod numbers on this chart. If non-Low/Mod will not benefit from a CDBG activity, enter a zero in column A.
- B. Low/Mod. Enter the proposed number of beneficiaries with incomes between 51% and 80% of the county median income.
- C. Low Low/Mod. Enter the proposed number of beneficiaries with incomes between 30% and 50% of the county median income.

Applicants may not enter a zero in this column. Proposed activities may not exclude benefit to the Low Low/Mod group.

- D. Extremely Low Low/Mod. Enter the proposed number of beneficiaries with incomes less than 30% of the county median income.
- E. Totals. Enter the total number of beneficiaries.

Contact the Community Development Representative assigned to your jurisdiction if you need more information on how this may apply to your activity.

2. Determination of Economic Development Beneficiaries

The public benefit requirement is met through the creation or retention of full-time (1750 hours per year) and/or four (4) part-time aggregated jobs yielding a full-time equivalent (FTE), such that the activity does not exceed a \$35,000 per job created/retained ratio.

Documentation

Documentation of beneficiaries of business assistance programs and microenterprise programs is not required in the application, because they are future beneficiaries and are not known at the time of application submittal. Documentation of beneficiaries is required after funding and is included in all microenterprise and business assistance program guidelines. Program guidelines are reviewed and approved by the Department prior to release of program funds.